

## **Consumer Mismanagement**

Consumer mismanagement can occur when a consumer bills too many hours than has been authorized, over reports time on the timesheets or overspends on goods and services. A state or program can implement measures to help prevent mismanagement or fraud. While few instances of consumer mismanagement and fraud have occurred, states can employ mechanisms to identify and address these situations when they do happen.

### ***Preventive Measures***

The Cash and Counseling program in Arkansas, New Jersey and Florida was a randomized study with an evidence-base. The lessons from the program found very few instances of abuse of the allowance. Abuse of the allowance was almost nonexistent in the three programs. The states implemented procedures that were critical to help prevent these types of abuses. These included:

1. Review of the spending plan to ensure that only permissible goods and services were included.
2. The counselor or fiscal agency examined the time sheets and checks requests to make sure they were consistent with the spending plan.
3. Consultant monitoring calls and visits to review the monthly financial statements with the consumer. If overspending occurred, the consumer was reminded of the importance of tracking their own expenditures to avoid future overspending.

An additional measure that can be taken is the review of consumer receipts. The three states took different approaches for reviewing consumer receipts. In Arkansas, consumers maintained receipts for expenditures other than those for incidental expenses and counselors reviewed the receipts. New Jersey did not require receipts. Florida required review of the receipts for funds held by the consumer, usually funds for incidental expenses. The evaluation found no differences between the three programs in the abuse of allowances. This indicates that the review of receipts is not critical to preventing abuse of funds managed by the fiscal agent. The requirement that consumers document incidental expenses with receipts may help to prevent the expenditure of small amounts of cash for the purchase of goods and services that are not permissible. The trade-off is the amount of time involved to review receipts given the dollar amounts involved are generally small.

A second learning from the Cash and Counseling project is that consumers may need training in the responsibilities of an employer. This applies not only initially when the beneficiary enrolls in the program, but also the consumer who mismanages the allowance may need follow-up trainings as a reminder of their responsibilities (e.g., their state's law regarding payment of overtime hours).

Another consideration are the challenges for the consumer who does not have a fiscal intermediary and gets the cash directly. The consumer may have difficulty paying social security and the worker compensation.

### ***Discipline Systems States have Implemented***

Several states have implemented progressive discipline systems. States have required that their Fiscal/ Employer Agents (FEA) develop systems to identify and address consumer overspending and fraud. For example, states have required that FEAs develop information systems to verify timesheets against consumer budgets and track over reporting. If the consumer is found to over report the time or overspend on goods and services, many FEAs suspend the submission of the claims and work with the State to address the issue. The FEA will communicate with the State to determine if the consumer's situation has changed and the State will be amending the person's plan and budget to reflect this. If this is the case, then the FEA receives authorization to pay. If it is over reporting of hours by the consumer, valid work performed or fraud, the State has the FEA send the consumer a letter informing them about the issue of concern. The FEA has two options:

1. The consumer is responsible for sending the FEA a check for the balance of the non-authorized amount and the FEA pays the worker; or
2. The FEA reduces the total remaining personal care attendant hours by the overage and the consumer must find informal supports to cover any shortfall they experience for the remainder of the year.

States also have implemented refresher training sessions for consumers on how to properly use their budget funds.

States have taken a number of different actions when fraud has occurred. In severe cases, the consumer may be removed from the Medicaid program. In less severe cases, the State and FEA can use progressive discipline of written notification and additional training sessions. If the problem persists, the State can require the consumer to no longer use consumer-directed care and use traditional services.